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Conference of African Ministers
Responsible for Trade and
Development Preparatory to UNCTAD VII

14-15 March 1987, Addis Ababa (Ethiopia)

LC/NAIROBI

REPORT OF CONFERENCE OF AFRICAN MINISTERS RESPONSIBLE FOR TRADE AND DEVELOPMENT PREPARATORY TO UNCTAD VII

I. INTRODUCTION

1. The Conference of African Ministers Responsible for Trade and Development Preparatory to UNCTAD VII was held in Addis Ababa, Ethiopia from 16 to 18 March 1987 and was presided over by His Excellency Mr. Abdourahmane Toure, Minister of Trade of Senegal. The Conference was opened by Comrade Tesfaye Dinke, Alternate Member of the Politburo of the General Committee of the Workers' Party of Ethiopia and Minister in Charge of Financial and Economic Services in the Council of Ministers. The purpose of the Meeting was to prepare a common African position with regard to the provisional agenda of the seventh session of the United Nations Conference on Trade and Development. The Conference had before it, a document entitled "Declaration of African Ministers Responsible for Trade and Development Preparatory to UNCTAD VII" (E/ECA/TRADE/70) which contained Africa's position prepared by the meeting of the Intergovernmental Group of Experts which met in Addis Ababa from 9 to 11 March 1987. The African submission covers critical issues such as resource flows including external debt, commodities, international trade and problems of the least developed countries.

II. ATTENDANCE

2. The following Member States of the Economic Commission for Africa were represented: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Central African Republic, Comoros, Congo, Cote d'Ivoire, Djibouti, Egypt, Ethiopia, Equatorial Guinea, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Mali, Mauritania, Morocco, Mozambique, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Tunisia, Togo, Uganda, Zaire, Zambia and Zimbabwe.

3. The following attended the Conference as observers: the United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC), the United Nations Development Programme (UNDP), the United Nations High Commission for Refugees (UNHCR), the African Development Bank (ADB), the Organization of African Unity (OAU), the Arab League, and the Association of African Trade Promotion Organizations (AATPO).

Election of the bureau

4. The Conference elected the following countries to constitute the bureau:

Chairman	- Senegal
First Vice-Chairman	- Egypt
Second Vice-Chairman	- Kenya
Third Vice-Chairman	- Rwanda
Rapporteur	- Zambia

III. ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

5. The Conference adopted the following agenda:

1. Opening ceremony

2. Election of officers

3. Adoption of agenda and programme of work

4. Revitalizing development, growth and international trade in a more predictable and supportive environment, through multilateral co-operation. Assessment of relevant economic trends and of global structural change, and appropriate formulation of policies and measures, addressing key issues in the following interrelated areas:

(a) Resources for development, including financial and related monetary questions;

(b) Commodities;

(c) International trade;

(d) Problems of the least developed countries, bearing in mind the Substantial New Programme of Action for the 1980s for the Least Developed Countries.

5. Examination of the distribution of posts on the bureaus at the level of G-77 and during the UNCTAD VII as well as the question of the strategy to be adopted

6. Any other business

7. Adoption of the report and closure of the meeting

IV. ACCOUNT OF PROCEEDINGS

Opening statements

6. The opening ceremony was presided over by H.E. Mr. C.M. Misiaro, Assistant Minister for Commerce and Industry of the Republic of Kenya. His introductory remarks included an expression of gratitude on behalf of the delegations to the Government of Socialist Ethiopia for the hospitality extended to all delegations since their arrival. Welcoming the delegations on behalf of Comrade Mengistu Haile Mariam, General Secretary of the Workers Party of Ethiopia, Chairman of the Provisional Military Administrative Council and Commander-in-Chief of the Revolutionary Armed Forces, and on behalf of the people and Government of Ethiopia, Comrade Tesfaye Dinka, Alternate Member of the Politburo of the Central Committee of the Workers' Party of Ethiopia in charge of Financial and Economic Services in the Council of Ministers underlined the crucial importance of the meeting preparatory

to UNCTAD VII. He then drew the attention of the meeting to the fact that the 1980s were characterized by economic instability mainly due to some of the policies pursued by the industrialized countries. In particular those which were aimed at bringing down inflation and correcting other structural imbalances within their respective economies. The end result, Comrade Tesfaye Dinka pointed out, had been a tripling of interest rates and the occurrence of the debt crisis.

7. The policies had brought about recession whose adverse effects were manifested in strengthening protectionism in the developed countries and lowering of exports of developing countries. The economic instability, Comrade Tesfaye Dinka said, was marked by falling commodity prices, rising interest rates, violent fluctuations in the exchange rates, all factors which contributed to the worsening of the debt problem. Sooner rather than later, the developing countries may consider taking the route that had been taken by Brazil as the only viable solution to their debts problem if the international economic environment remained non-responsive to growth.

8. He stated that growing protectionism, declining commodity prices, impediments to the proper functioning of the international commodity agreements, and indeed the break up of some of them had all contributed to the deterioration of the export earnings of the developing countries. Comrade Tesfaye Dinka further stated that recent developments in the world economy had been detrimental to sustained growth in all developing countries, and that their negative impact had been most acutely felt in African states whose already weak economies had been hard hit by drought and other natural calamities, let alone the rise in oil prices. Thus Africa's debt in the end of 1986 was about US$ 200 billion. When account is taken of the ability to pay Africa's debt service payments impose a much heavier burden than those of all other developing nations.

9. With regard to the deterioration in the terms of trade Comrade Tesfaye Dinka expressed concern that this coupled with other unfavourable external developments, had resulted in the deterioration of the standard of living of the people in Africa. This is now no better today than what it was in the 1960s. In this connection he highlighted the contribution of the external hostile environment and recalled some of the difficulties encountered in the implementation of adjustment programmes. He therefore felt that these programmes needed to be accompanied by adequate resource flows on terms appropriate to Africa's fragile economies. He regretted the fact that the flow of concessional aid had been on the decline in recent years, a fact that was partly explained by the conditionality attached to such resource flows.

10. Comrade Tesfaye Dinka then reminded the meeting of Africa's Priority Programme for Economic Recovery 1986-1990 as adopted by the African Heads of State and Government and subsequently endorsed by the United Nations General Assembly and the need to keep it in mind in the preparation of the African position for the Group of 77 and for the forthcoming United Nations Conference on Trade and Development. Turning to the question of African external indebtedness, he stressed that the solution of Africa's debt problems was beyond the capacity of African countries and that a global approach was clearly required. He explained this as part of the background to why the African Heads of State and Government had called for the convening of an international conference on Africa's external indebtedness as a matter of urgency. He therefore urged the meeting that it was necessary to obtain the support of the Group of 77 for the special treatment of the African debt problem.

11. Speaking about the least developed countries, Comrade Desfaye Dinka, stated that the majority of these countries were located in Africa and that they ought to receive more resources on concessional terms from the International Monetary Fund and all lending institutions. With regard to commodity markets, he said that the Group of 77 ought to continue to impress upon the industrialized countries which had not done so to sign and ratify the Common Fund Agreement of the Integrated Programme for Commodities. Comrade Desfaye concluded his opening statement by congratulating Mr. K. Dadzie on his appointment as Secretary General of UNCTAD and wished the Conference every success in its deliberations whose aim was to get the most for Africa from the forthcoming UNCTAD VI.

12. The Executive Secretary of the Economic Commission for Africa (ECA), Prof. Adebayo Adedeji, while welcoming the delegations, expressed his gratitude to the Government and People of Socialist Ethiopia for the hospitality extended to all the delegates since their arrival in Addis Ababa. He also extended a special welcome to Mr. Kenneth Dadzie, the Secretary General of UNCTAD to the meeting. He also thanked Mr. Fasil Nahum, Alternate Member of the Politbureau of the Central Committee of Workers' Party of Ethiopia in charge of Finance and Economic matters in the Council of Ministers for his thought-provoking statement. He outlined the extent of the unprecedented economic crisis experienced by Africa since the sixth session of UNCTAD and stressed that Africa's Priority Programme for Economic Recovery 1986-1990 (APPER) and the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UNPAAERD) had become major points of reference for formulating policies and programmes for African socio-economic recovery and development.

13. Turning to the issues on the agenda of the present Conference, he stated that the theme of the forthcoming UNCTAD VI was very much in line with the basic preoccupations of the above documents i.e. economic recovery and growth. In fact, the process of African economic recovery had started in 1986 as demonstrated by the positive commitment towards economic reform. Many African countries had embarked upon the necessary structural adjustments which would assist in laying the foundations for self-sustained economic growth and development.

14. He further drew attention to a number of critical issues which emerged from the present international economic environment. The first among these issues was the rigidity in the trade and economic policies of the industrialized nations towards Africa, especially in the pricing of primary commodities on the world market, protectionism and terms of trade resulting in the aggravation in the already serious balance of payments situation of many African countries. The second issue was the negative outflow of resources from Africa. With the total external debt standing at over $US 200 billion at the end of 1986, the region would have to spend between $US 16 billion and $US 24 billion annually for debt servicing in the period from 1986 to 1990.

15. Another major issue of concern, he said, was the decline in Official Development Assistance (ODA) in real terms. Despite some increase by a number of individual donor countries in their ODA flows to some African countries, there had been an overall reduction in financial assistance to the region contrary to the commitments under the UNPAAERD. This would be further exacerbated by the termination of the Special Fund for Sub-Saharan Africa of the World Bank as of 30 June 1987. The situation would be that African countries would now not be assured of any significant increase in financial resources from the developed countries.

16. With regard to the problems of the Least Developed Countries (LDCs) he expressed concern that 27 out of total 50 African countries were currently least developed and that another country was about to join the group. Despite the substantial New Programme of Action (NPA) for the 1980s for the LDCs adopted in Paris in 1981, all LDCs in Africa continued to experience persistent deterioration in their economic growth. If these trends were not reversed, by the year 2000 nearly all African countries, except a few, would be among the least developed.

17. He concluded by emphasizing that it was against that background that the region was approaching the negotiations at UNCTAD VII and the UNCTAD session would have to find ways to solving the above problems. To this end, special concessions had already been granted to African countries by the Special Session of the General Assembly on the critical economic and social situation in Africa held in May 1986. Therefore, it would be important for Africa, while bearing in mind the necessity of maintaining the cohesion within the Group of 77, not to lose what it had so painstakingly achieved. Therefore, the task before UNCTAD VII, in so far as Africa was concerned, was to elicit concrete measures to implement the decisions for the Special Session of the General Assembly.

18. In his opening statement, Dr. Adedeji Ade, the Assistant Secretary-General of OAU, welcomed all delegations to Addis Ababa on behalf of H.E. Dr. Ide Oumarou, the OAU Secretary General who was unavoidably absent from Addis Ababa on official duties. He also accorded special welcome to Dr. Kenneth Dadzie the new and first African Secretary General of UNCTAD.

19. The purpose of the Conference, he said was to adopt a common African position concerning all the agenda items and issues for UNCTAD VII, in preparation for the ministerial meeting of the G-77 and the UNCTAD Conference. It was important that an African common position reflected the crucial issues of concern to Africa, such as those identified in the Africa's Priority Programme for Economic Recovery 1986-1990. The issues on which to focus attention included increased transfer of resources on concessionary terms for the implementation of APPER, the external debt problem of African countries including the convening of an International Conference on Africa's External Debt, commodity issues and the special situation of African least developed countries.

20. These issues, Dr. Debo said, were well covered in the United Nations Programme of Action for Economic Recovery and Development 1986-1990, and were genuine. The meeting of the Intergovernmental Group of Experts had thoroughly discussed these issues and it was necessary therefore that the Conference of Ministers reviewed the proposals made by the experts, identify negotiating strategies bearing in mind the special concerns of African countries.

21. The Conference, he said, should in particular pay attention to the nature of results at UNCTAD VII because Africa would only be satisfied if the results were concrete and covered the priority issues relating to the accelerated socio-economic recovery and development in Africa.

22. The Minister of Trade of the Republic of Rwanda moved a vote of thanks to the Government of Ethiopia, on behalf of the Conference. He paid tribute to Comrade Tesfaye Dinka, Alternate Member of the Politburo of the Central Committee of the Workers' Party of Ethiopia in-charge of the Financial and Economic Services in the Council of Ministers, for his thought-provoking speech made at the opening of the Conference. He then also expressed through Comrade Tesfaye Dinka, the sincere thanks of all the delegations to Comrade Mengistu Haile Mariam, General Secretary of the Workers' Party of Ethiopia, Chairman of the Provisional Military and Administrative Council and Commander-in-Chief of the Revolutionary Armed Forces, and to the people and Government of Socialist Ethiopia for the warm welcome and truly African hospitality accorded to the Ministers since their arrival in Addis Ababa. He reminded the Minister of the importance of the Conference since it was expected to define a common African position for the forthcoming session of the UNCTAD. The Minister also thanked the Secretariat for the documentation which he stated to be of a high quality and that with the help of the experts, the Conference would come up with a document that would reflect Africa's views and concerns.

General statements

23. In his statement to the Conference of Ministers, the Secretary-General of UNCTAD, Mr. Kenneth K.S. Dadzie, after thanking the speakers in the opening ceremony for their kind words of welcome and congratulations, said that UNCTAD VII could be a turning point in the efforts of developing countries to revitalise multilateral economic co-operation if they marshalled their forces and arguments effectively and deployed them in a concentrated manner. For the African countries, UNCTAD VII could provide an opportunity to enhance the implementation of the international community's commitments in the United Nations Programme of Action for African Economic Recovery and Development 1986-1990. In this respect UNCTAD VII could be used to place emphasis and seek actions on general development problems which are of particular relevance to the African situations.

24. Referring to the work of the group of experts preceding the Conference of Ministers he considered that policy proposals, complemented by assessments of the situation in each of the four areas of focus in the agenda of UNCTAD VII, namely resources for development, commodities, international trade and least developed countries, were a rich source of inspiration for the Ministers. In reviewing the agenda of UNCTAD VII, the Secretary-General of UNCTAD mentioned that the overriding objective embodied in the unifying theme of UNCTAD VII was the revitalization of development, growth and international trade. Action at the Conference would draw together elements arising from the four different areas in light of this objective. Examples of such elements were the impact of an international environment which was beyond the control of developing countries, the need for expansionary policies in the world economy and the need for additional external financial resources for development.

25. Turning to some of the organizational issues relevant to the negotiating strategy for UNCTAD VII, he underlined that a consensus was emerging that the prospects for success at the Conference would be greatly enhanced by an intensive phase of substantive consultations and negotiations in May and June under the auspices of the Trade and Development Board. This process, which would be based,

upon the stated positions of groups and countries, would aim at narrowing differences in assessments and policy proposals before UNCTAD VII actually started. The dialogue was going to be complex. The developed countries, who had already started to put forward their ideas on both the agenda and the nature of eventual action, had to be persuaded to move in the direction of the developing world.

26. He suggested that the best prospects for success at UNCTAD VII lay in the Group of 77 making a well organized bid for a negotiating break-through in a few areas of concentration responding to the key interests of all developing regions and also taking into account the legitimate interests of other parties.

27. Considering the orientations for action at UNCTAD VII, over and above action at the sectoral level, he suggested some cross-sectoral themes. First efforts should be advanced to revitalize growth in the world economy, mainly through the action of major market economy countries taking into account the interests of the developing countries and the need to reduce unemployment in the industrialized countries. Secondly, the message should be conveyed that a healthy world economy was not a sufficient condition for development. In addition to the commitment and work of their people, governments had to take responsibility to establish a national and international environment supportive of development. Accordingly, development should be placed firmly on the agenda of intergovernmental dialogue. Thirdly, structural change had to be seen as part of the development problematique. A common understanding of this process should help in arriving at longer term actions affecting economic structures and systems, which would render them more efficient and more equitable and improve the functioning of the world economy for the benefit of all countries.

Consideration of the Report of the Intergovernmental Group of Experts Responsible for Trade and Development Preparatory to UNCTAD VII (Agenda item 4)

28. The Chairman of the Intergovernmental Group of Experts (Senegal) introduced the Report (E/ECA/TRADE/IGE/69) of his Group together with the annexed Draft Declaration (E/ECA/TRADE/70). He stated that the document was a product of merging the Interim Progress Report of the Preparatory Committee (PC/77/VI/1) presented by the Preparatory Committee of the Group of 77 in Geneva and document E/ECA/TRADE/56 "African Economic Recovery, Growth and Development: Proposals for UNCTAD VII". The Conference took note of the Report. It considered the issues arising from the report such as the follow-up mechanism to monitor the implementation of decisions taken at UNCTAD sessions and the request of the People's Republic of China to be admitted as an observer to the Sixth Ministerial Meeting of the Group of 77, it was decided that these issues would be considered under the agenda item 6.

Consideration of the substantive part of the Declaration of African Ministers responsible for trade and development preparatory to UNCTAD VII

29. The meeting decided to consider this part, chapter by chapter.

(a) Resources for development including financial and related monetary questions [Agenda item 4(a)]

30. In introducing this chapter, the Chairman of the Intergovernmental Group of Experts responsible for Trade and Development Preparatory to UNCTAD VII pointed out that the document under review was prepared by a committee of experts on the basis of two documents namely 'Interim progress report of the preparatory committee of the Group of 77 in Geneva (PC/77/VI/1) and 'Africa's Economic Recovery, Growth and Development Proposals for UNCTAD VII (E/ECA/TRADE/54)'. He concluded by stressing that the draft proposals before the Ministers, contained in document E/ECA/TRADE/70, were based on these two papers and contained the African position to be presented to the Group of 77 meeting in Geneva.

31. In the discussions that followed the Ministers made a number of amendments which were incorporated in the revised text.

(b) Commodities [Agenda item 4(c)]

32. Introducing this agenda item, the Chairman of the Experts' Group indicated that on the whole, this document was following the text submitted by the Preparatory Committee of the Group of 77. However some amendments were drawn from ECA document E/ECA/TRADE/54.

33. African Ministers of Trade stressed not only the importance of primary products for their economies but also the full impact of the collapse of the commodities market on the economies of African States. In this context it was stated that Africa's export earnings which stood at SUS 60.6 billion in 1985 declined sharply to SUS 41.3 billion in 1986. It was emphasized that the shortfalls in Africa's export earnings, most of which were derived from commodity exports have adversely affected government revenues, investments and efforts to generate employment in African countries.

34. The Conference noted that the mechanisms designed to improve trade in commodities were not operational and that UNCTAD VII was an opportunity for speeding up the process of rendering these mechanisms operational. The Conference further called for a global approach to commodity issues as contained in the section on commodities of the Declaration of African Ministers of Trade and that the Group of 77 ought to support Africa's position on these issues even though the various developing regions might not always have identical interests.

(c) Consideration of the Chapter on International Trade and issues of trade relations among countries having different economic and social systems [Agenda item 7(c)]

35. In introducing the Chapter on International Trade, the Chairman of the Experts Group Meeting stated that there had not been any major changes in the text of the Group of 77 paper. Nonetheless, the Experts had made some amendments on the basis of the ECA secretariat document (E/ECA/TRADE/54). The other issue relating to trade relations among countries having different economic and social systems was approved without amendments.

36. In the discussion that followed, an issue was raised about the importance for African countries to confront developed nations at the international negotiations from a common position. The meeting therefore felt that it was imperative for the present Conference to forge that position. Similarly, the need was stressed for a full fledged mechanism within the Group of 77 to monitor the implementation of decisions adopted in UNCTAD. This was the framework in which the Conference adopted the Chapter in question.

(d) Consideration of problems of the least developed countries bearing in mind the substantial UN Programme of Action for the 1980s for the Least Developed Countries /Agenda item 4(d)/

37. The Chairman of the Experts Group Meeting introduced the Charter by saying that a number of paragraphs from the ECA paper had been incorporated into document E/DCI/TRADE/70. In discussion that followed, the Ministers made a number of amendments which were incorporated in the document proposed by experts.

(e) Consideration on the distribution of posts on the bureau at the level of UNCTAD VII and the issues on strategy to be adopted /Agenda item 5/

38. The Chairman informed the meeting of the consultations held in the meeting of the bureau on the recommendation that Africa should chair the seventh session of UNCTAD. The person chosen should be a person of international standing and one who is fully familiar with international negotiations within UNCTAD. Bearing this in mind, the bureau proposed Dr. Bernard T. Chidzero, Minister of Finance and Economic Planning in the Government of Zimbabwe as the most appropriate person to be President of UNCTAD VII. This proposal was unanimously adopted by acclamation.

39. With regard to other issues on the agenda such as the allocation of posts of Vice-Chairmen of the Conference for which Africa would have six posts, the Chairmen of the Groups, and the spokesmen of the African Group, it was decided to defer those issues for consideration in Havana.

(f) Any other business /Agenda item 6/

40. Under this item, the Conference considered the subject of economic co-operation among developing countries (ECDC) in the light of Part III of the Interim Progress Report of the Preparatory Committee (TD/77(V)/1) and decided to take note of the document on the subject submitted by the preparatory committee of the Group of 77 for UNCTAD VII. The Conference decided that the issue would be debated in Havana. With regard to the establishment of a follow-up mechanism for the decisions of UNCTAD VII the Conference felt that the question was not ripe for discussion and that before finalizing Africa's position with regard to this issue, new consultations ought to be undertaken with a view to determining the position of the other members of the Group of 77. The delegation of the People's Republic of Congo registered reservations on the decision of the Conference regarding this issue.

41. The Conference also considered the strategy to be followed with respect to the agenda item of the Conference and decided that it would be decided upon in Havana taking into account the evolution of the debates at the Group of 77 meeting. Such a study would be based on close consideration between the spokesman and the Chairman of the African group as well as with the secretariats of ECA and OAU.

42. The Conference also considered the application of China for observer status in the Group of 77 meetings preparatory to UNCTAD VII, and unanimously decided in favour of admitting China as observer.

(g) Adoption of the report and closure of the meeting /Agenda item 7/

43. The Conference, having considered the proposals of the intergovernmental group of experts at its meeting held in Addis Ababa from 3 to 11 March 1987 adopted the common position of the African region on trade and development issues as contained in document E/ECA/TRADE/70 entitled "Declaration of African Ministers responsible for Trade and Development Preparatory to UNCTAD VII".

44. After the Conference adopted its report the Chairman declared the meeting closed.

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First Meeting of the Ad Hoc Ministerial Committee on the Establishment of an African Monetary Fund

31 March - 2 April 1967, Libreville, Gabon

REPORT OF THE FIRST MEETING OF THE AD HOC MINISTERIAL COMMITTEE ON THE ESTABLISHMENT OF AN AFRICAN MONETARY FUND

(Libreville, Gabon, 31 March - 2 April 1967)

A. INTRODUCTION

1. The First Meeting of the Ad hoc Ministerial Committee on the establishment of an African Monetary Fund (hereinafter referred to as the "Committee of Libreville", was held in Libreville (Gabon) from 31 March to 5 April 1977. The Committee of Libreville was established by the Conference of African Ministers of Finance which Gabon had the honour to host from 10 to 15 June 1976. The purpose of the meeting was to consider the outstanding issues related to the establishment of an African Monetary Fund and to make concrete recommendations to the next Conference of African Ministers of Finance on how to speed up the establishment of the Fund.

B. ATTENDANCE

2. The meeting was attended by the following members of the Committee: Gabon, Tunisia and Zambia. Uganda and Liberia (which were not represented). Algeria, Benin, Cameroon, Egypt, Nigeria and Zaire were also represented.

3. A representative of the African Training and Research Centre attended the meeting as an observer.

4. The secretariat of the meeting was composed of the representatives of the Economic Commission for Africa (ECA) and the African Center for Monetary Studies (ACMS). The secretariats of UNCTAD and UNDP were not represented.

C. OPENING OF THE MEETING

5. The meeting was opened by Honourable Mr. Etienne Mougoungou Senior Minister of Industry and Consumer Production of the Republic of Gabon. Dr. Bingu Wa Mutharika, Director of the International Trade and Finance Division in the Economic Commission for Africa also made a statement on behalf of Professor Adebayo Adedeji, United Nations Under Secretary-General and Executive Secretary of the Economic Commission for Africa.

6. Honourable Mr. Etienne Mougoungou, on behalf of His Excellency El-Hadj Omar Bongo, President of the Republic of Gabon, Head of State and Founding President of the Democratic Party of Gabon, on behalf of the people and Government of Gabon, welcomed the participants to the meeting.

7. He further stated that the Ad hoc Ministerial Committee had a mandate to ensure that appropriate measures were taken with regard to the establishment of an African Monetary Fund and submit its recommendations to the next Conference of Ministers of Finance. The Minister concluded by assuring the Gabonese Government's conviction that the Fund would be one of the sectoral strategies leading to the implementation of the Lagos Plan of Action and the attainment of collective self sufficiency through monetary co-operation. The Fund, when established will also be a decisive contribution to find ways and means to

alleviate their heavy external indebtedness as well as their balance of payments problems, the Union and ... The Fund will also constitute a mechanism for consultations leading to the adoption by African countries of co-ordinated and coherent monetary and financial policies at the national, sub-regional and regional levels.

2. He went on to say that Africans are very much aware of the fact that the establishment of an African Monetary Fund could not constitute a panacea for all African economic problems and he appealed to African Governments to reaffirm their political commitment to the Fund in order to ensure its proper functioning. He also stated that African Governments should commit themselves to implement the decisions taken on the outstanding issues on its agenda. He then underlined the importance of the issues submitted to the Committee which were namely: the size of the capital of the Fund, subscriptions to the capital of the Fund, external participation to the capital of the Fund, the number of executive directors of the Fund and withdrawals by the Fund. He expressed the hope that the Committee will make appropriate recommendations on all these issues for consideration by the next Conference of African Ministers of Finance.

3. Mr. Ousseiru in concluding his remarks emphasized that in his view, the question of financial viability of the Fund was of paramount importance and ought to be addressed. The Fund should have sufficient resources at its disposal if it is to play its role effectively. It is in that light that external participation to the capital of the Fund ought to be considered seriously taking into account the experience of other institutions in Africa and elsewhere. To this end, he said that Africa cannot pursue a passive behavior while important decisions in the field of money and finance affecting the economies of its member States are taken without due regard to its interests. Consequently, the African Monetary Fund will pave the continent towards ensuring active participation in the world monetary and financial questions. He finally renewed his warmest welcome to all the participants and wished them an enjoyable stay in Libreville.

4. Mr. Pinto da Anharika, Director of International Trade and Finance Division, in delivering a speech on behalf of Professor Adebayo Adedeji, Executive Secretary of ECA, welcomed the participants to the first meeting of the Committee of Libreville which was established last year in that very city of Libreville with a view to taking appropriate measures in order to ensure the speedy establishment of an African Monetary Fund. He also expressed his deep appreciation to President Omar Bongo, the Government and people of the Republic of Gabon for the excellent facilities placed at the disposal of the meeting.

11. He stated that the meeting had a very important task before it. Its mandate was to find out the most effective way of establishing the Fund without further delay. To this end, as the Minister had stated, there were four issues before the Committee still to be resolved. The first issue was whether the subscription of member States should be paid entirely in convertible currency or part of it in convertible currency and another part in national currency.

If it was decided that a portion of the subscription should be paid in national currencies, the Committee ought to consider how the local currency component would be used by the Fund bearing in mind that there would be about forty or more currencies deposited with the Fund.

14. The second outstanding issue related to the size of the Board of Executive Directors. Mr. Otieri pointed out that the Committee ought to take into account the experience of other institutions such as the African Development Bank which might be useful in taking a decision. The third issue concerned the special participation to the capital of the Fund. He reminded the Committee that the feasibility study on the establishment of the Fund proposed twelve executive directors of whom nine would represent regional members and three the non-regional participation if it was decided to allow such participation. The fourth issue related to who should be eligible for membership in the Fund. He concluded by stressing that the Committee had a heavy responsibility on its shoulders and that the decisions that would be taken in the next few days would determine Africa's history. The most important issue was to ensure that the African Monetary Fund was established without further delay and he added that he was confident that the Committee would find appropriate solutions to the outstanding issues.

I. ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

15. The meeting adopted the following agenda:

1. Opening of the session
2. Adoption of the agenda and programme of work
3. Review of the outstanding issues relating to the establishment of an African Monetary Fund
   (i) Subscription to the capital of the Fund
      (a) size of the capital of the Fund
      (b) payments of subscriptions
   (ii) Membership in the Fund
   (iii) Size of the membership of the Board of Executive Directors
   (iv) Special participation to the capital of the Fund
4. Any other business
5. Adoption of the report and closure of the meeting

16. Regarding the organization of work, the meeting decided to work each day from 9 a.m. to 1 p.m. and from 3 p.m. to 6 p.m.

II. ACCOUNT OF PROCEEDINGS

Size of the capital of the Fund [agenda item 3(i)(a)]

15. A representative of the secretariat, in presenting this agenda item, outlined that the feasibility study has considered three scenarios, namely, an authorized capital of US$ 1 billion, US$ 2 billion and US$ 3 billion. He informed the Committee that the experts, during their second meeting on the establishment of an African Monetary Fund, decided to propose to the ministers an initial authorized capital of 2 billion African Units of Account (AUA) which was equivalent to the Special Drawing Right (SDR). It was proposed that 750 million AUA would be called up capital during the first five years. Of this, 500 million AUA would be paid in by regional members and 250 million AUA by non-regional members, if external participation was allowed. It being understood that the paid up capital should only be limited to 500 million AUA in the event a decision was taken not to allow external participation.

16. In the discussions that followed, the meeting considered that the viability of the Fund was extremely important. Therefore, taking into account its status in the international community the Committee endorsed the proposal of experts, namely that the initial authorized capital should be fixed at 2 billion AUA of which 750 million will be called and paid in during the first five years. Of that amount 500 million AUA will be paid by regional members and 250 million by non-regional members if those were allowed to participate in the capital of the Fund.

Payment of subscriptions by regional members to the capital of the Fund [agenda item 3(i)(b)]

17. While presenting this agenda item, a representative of the secretariat pointed out that the intergovernmental group of experts on the establishment of an African Monetary Fund was divided on this issue. One group of experts felt that taking into account the problems encountered by similar institutions as the case of national currencies, the entire subscription ought to be paid in convertible currencies. Others thought that 90 per cent of subscriptions ought to be paid in convertible currencies and 10 per cent in national currencies. The other group of experts were of the view that in order to promote intra-African trade, 75 per cent of subscriptions should be paid in convertible currencies and 25 per cent in national currencies.

18. During the discussions, the representative of the African Centre for Monetary Studies stated that while appreciating the view held by some experts, he was convinced that it would be difficult to use national currencies in carrying out the principal objective of the Fund, namely balance-of-payments support. The Committee was divided on this issue with the majority of those present favouring payment of the entire subscription in convertible currencies. After some exchange of views the meeting decided to refer this question to the next meeting of the Ad Hoc Committee of Libreville and subsequently to the Heads of State and Government for a final decision.

Membership in the Fund [agenda item 3(ii)]

19. A representative of the secretariat in presenting this agenda item, said that three types of members were proposed in the draft articles of Agreement: (a) Regional Members (b) Non Regional Members and (c) Institutions. With regard to regional members, it was suggested that membership of the Fund should be open to all independant African States and all countries which would attain independance in future.

20. In discussing this item the Committee was cognizant of the political issues involved. Some participants suggested that all countries that have attained "independant and sovereign" status should be eligible for regional membership. There was also no agreement as to whether or not there should be non-regional membership although the majority felt this should be allowed. After a lengthy discussion, the meeting could not reach a consensus on this issue and it was decided to refer this to the next meeting of the Ad-hoc Ministerial Committee for subsequent submission to the African Heads of State and Government for final decision.

Size of the membership of the Board of Executive Directors [agenda item 3(iii)]

21. A representative of the secretariat in presenting this agenda item, stated that the experts had considered the original proposal of 12 Executive Directors but had decided that the number should be reduced to 9 out of which 6 would be elected by Regional members and 3 by Non-Regional members. He also informed the meeting that there would essentially be 9 Executive Directors and 9 Alternate Executive Directors. He also drew the attention of the meeting to the procedure of election of Executive Directors already agreed upon by the experts and contained in schedule D of the Draft Articles of Agreements.

22. The Committee carefully considered this issue and indicated that the size of the Board of Executive Directors should be based on realism. To this end, the Board should neither be too large nor too small. After discussing this issue at length, the meeting decided to endorse the recommendations of the experts that the Board of Executive Directors should be composed of a total of nine Executive Directors of whom 6 would represent regional members and 3 non-regional members. The meeting decided that the Executive Directors should not reside at the headquarters of the Fund but in their respective capitals. It also approved the method of electing Executive Directors as outlined in Schedule D of the draft Articles of Agreement of the African Monetary Fund (Doc. E/ECA/TRADE/11/Rev 3)

External participation to the Capital of the Fund [agenda item 3(iv)]

23. A representative of the secretariat in presenting this agenda item, stated that the experts had carefully considered the viability of the Fund with and without external participation. The important consideration was that the Fund, when established, must have adequate resources to carry out its functions properly. The majority of experts felt that external participation was

absolutely essential in order to strengthen the capital base of the Fund and its creditworthiness. This, they argued, would not jeopardize its autonomy nor erode the control of the Fund by African countries since the external participation would always be limited to 1/3 of the shares. Another group of experts, felt that in order to preserve the African character of the Fund, external participation to the capital of the Fund should not be allowed. Since no consensus emerged from the experts meeting, the issue had been referred to the Ministers for a decision.

24. The Committee discussed this issue at length bearing in mind the viability of the Fund, its prospects for raising funds in the money markets of the developed countries and the problems of payments of subscriptions by the Regional members. As was the case with the experts, opinion was divided. A majority of those present felt that in an interdependent world and based on the experience of the African Development Fund, there was no reason to believe that the Fund's autonomy would be sacrificed by allowing external participation. Another group of participants felt that there was the need to maintain the African characteristics and regional autonomy of the Fund. They did not therefore see the need for external participation in the membership or capital subscription in the Fund. Since this issue was considered political, the meeting decided to refer it to the next meeting of the Ad-Hoc Ministerial Committee for onward submission to the African Heads of State and Government for final decision.

Any other business (agenda item 6)

25. Under this agenda item, the meeting considered the time table proposed for the establishment of an African Monetary Fund in the light of its work and other developments. It was decided that the second meeting of the Committee of Libreville be held in June in Cairo or Libreville soon after the Governing Council of the African Development Bank at which the African Ministers of Finance would be present. It was also decided that the fifth meeting of the Inter-governmental Group of Experts should meet and adopt the report of its fourth meeting for submission to the next Conference of African Ministers of Finance scheduled to be held in November 1977. The meeting welcomed the suggestion by the Chairman that the Head of State of Gabon should contact the Heads of State of the other countries of the Committee to ensure that their Ministers of Finance would participate in the next meeting of the Ad-Hoc Committee in June this year.

26. After an exchange of views, the meeting adopted the following revised time-table:

June 1977	Second meeting of the Ad-hoc Ministerial Committee on the establishment of an African Monetary Fund.
November 1977	Fifth meeting of the Intergovernmental Group of Experts.
November 1977	Third meeting of the Conference of Ministers of Finance.

June 1988	Sixth meeting of the Intergovernmental Group of Experts on the Articles of Agreement establishing the African Monetary Fund.
July 1988	Progress Report to the African Heads of State and Government
March 1989	Fourth meeting of the Conference of African Ministers of Finance to Adopt the Articles of Agreement.
September 1989	Meeting of Plenipotentiaries to sign the Articles of Agreement of the African Monetary Fund.
January 1990	Payments of First Capital Subscription of the Fund by Member States.
June 1990	Coming into Operation of the Articles of Agreement and Commencement of operations of the African Monetary Fund.

Adoption of the Report and Closure of the meeting

27. The meeting decided that in view of the absence of two of the Committee members (Uganda and Sierra Leone), it would only review its report at the present session. The meeting further decided that the present report would be submitted to a second meeting of the Ad-Hoc Ministerial Committee.

28. The Honourable Mr. [illegible] Msango, Minister of State Finance of the Republic of Zambia expressed, on behalf of the committee, the heartfelt appreciation of the delegations present to His Excellency El Hadj Omar Bongo, President of the Republic of Gabon, Head of State and Founding President of the Democratic Party of Gabon for the brotherly welcome extended to the delegations and the excellent facilities put at the disposal of the Committee.

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ECONOMIC COMMISSION FOR AFRICA

LG/NAIROBI

ISSUES FOR THE MEMORANDUM TO THE MANAGING DIRECTOR OF THE INTERNATIONAL MONETARY FUND

INTRODUCTION

The African economic situation continues to be precarious because the underlying problems of the economic crisis remain unresolved. The never ending decline in commodity prices still constitutes a major obstacle to any attempt by African countries to increase their export revenues. It is estimated that real commodity prices in 1981-1985 averaged 7 per cent below the level of 1960 and 16 per cent below the average for 1960-1980 1/. The fall in commodity prices was accompanied by an increase in "protectionism" in the industrial countries making access to these traditional markets more difficult. Attempts to increase volumes exports in order to maintain revenues at reasonable levels have failed in face of tariff and non-tariff barriers that are now institutionalised in the developed market economies.

To make matters worse, there was a sharp decline in resource flows in real terms to Africa especially the official development assistance (ODA) and a substantial reduction in export credits and foreign investment. This situation aggravated the already acute balance of-payments problems of many African countries with the attendant wide-spread negative effects on investment, employment and production levels and hence hamper all efforts aimed at recovery and development. In addition, the growing problems of external debt service obligations continue to place an ever increasing burden on the already much weakened economies of African countries the least developed countries of the continent being the ones that suffer most from the present crisis.

To these factors must be added the unstable and high real interest rates together with the fluctuations in exchange rates which continue to be the main features of the international monetary and financial scene and which maintain great uncertainties with regard to revenues and expenditure and render any forward planning of recovery and development almost impossible or at best very difficult.

1. IMF adjustment programmes

Despite all these adverse factors, African countries have been implementing IMF adjustment programmes which entailed the adoption of policies and measures which were invariably deflationary by nature and which have had contractionary effects on national income. The economic problems of Africa are of a structural nature and require the implementation of medium to long term programmes to overcome the underlying causes of the present crisis. The short term solutions proposed by the IMF could, at best, only alleviate temporarily some of the economic problems the countries are facing.

African governments have recognized that it is their responsibility to pull their countries out of the crisis and into the path to economic growth. This commitment was enshrined in the Priority Programme for Africa's Economic Recovery and Development 1986-1990 as well as the United Nations Programme of Action for Africa's Economic Recovery and Development 1986-1990, which constitute the main

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1/ IMF estimates.

guide for the countries for the next four years and any development programmes ought to concentrate on the priority areas defined therein.

It is a matter of great concern that the implementation of the IMF adjustment programmes have, in many instances, far outweighed the economic returns. In fact, in recent months a number of African countries have plunged into social and political crisis which is attributable to these programmes. We therefore appeal to IMF to design its adjustment programmes to take into account the structural nature of Africa's economic problems as well as the unfavourable international economic and financial environment in which adjustment programmes have to be implemented. The continuing high real interest rates and the instability in exchange rate of the major world currencies which are largely determined by the economic policies of developed nations have negative effects on the adjustment and development efforts of African countries. So far it has only been the weakest economies of the world which have been asked to undertake adjustment programmes, the developed countries which hold the key to the solution of many of the world monetary and financial problems have so far been unwilling to adjust or adopt economic policies conducive to world economic recovery and growth. Therefore, IMF surveillance of the economic policies of the industrial countries should be strengthened in the light of its mandate contained in its articles of agreement. We firmly believe that changes in the economic policies of the major industrial are the only option likely to establish an international economic environment which would facilitate adjustment and growth in the developing countries.

2. I.M.F. resources

It has been increasingly clear over recent years that the need for resources by developing African countries has outgrown their ability to mobilize such resources. This is a factor, among others, which points to the need for more international liquidity, not only to finance balance of payments disequilibra but also trade and development. It is in order to alleviate the need for more resources that the International Monetary Fund ought to seek a substantial increase in its resources through an increase in the quotas of its member countries especially bearing in mind the special needs of the African countries.

Closely related to the increase in resources is the question of issuance and allocation of S.D.Rs. African countries wish to stress that a new issue and allocation of SDR ought to be linked to the financing of development in developing countries in general and African countries in particular especially the least developed countries.

3. Access to fund resources

The economic crisis which has confronted African countries over recent years has had a notable negative effect in so far as it has greatly eroded the creditworthiness of most African countries vis-a-vis international capital markets. This fact, together with the decline in Official Development Assistance and other forms of external finance, has forced many African countries to turn

to the IMF for financial support. However, the conditionality attached to the access to IMF resources is still a matter of concern to African countries since it lacks in flexibility and has not so far been adapted to the structural and long term economic problems of African countries.

With regard to the Compensatory Financing Facility, it is disappointing that access to it by African countries is still restricted on the grounds that the export shortfall in African countries is not of a temporary nature. Taking into account the fact that African export earnings are almost all derived from the export of commodities whose prices are continuously falling, the access restrictions faced by African countries make it impossible for them to take advantage of this source of funding. We therefore call on the IMF to review the criteria governing access to the compensatory financing facility with a view to making the facility more accessible to African countries. The Compensatory Financing Facility should also be expanded in terms of resources in order to play its role in alleviating the problems linked to shortage of resources due to export shortfalls.

The Structural Adjustment Facility, although welcome as it was when it was created last year, is governed by conditions that are still very hard for African countries to comply with despite the many efforts that governments have made in order to satisfy these conditions. The IMF should look again into the conditionality attached to the Structural Adjustment Facility in the light of the experience gained in the course of last year and make the necessary changes in order to make the Facility more accessible and less burdensome to African countries. Moreover, the resources so far put at the disposal of the facility are insignificant compared to the needs of the low income developing countries. The IMF should, therefore, mobilise additional resources to supplement the resources of the Facility.

It is also important to stress the necessity of an improvement of the enlarged access policy to take into account the special and unique nature of African economic problems. To this end, since the amount that member countries have access to under this policy is closely linked to the quotas of the countries, the quotas ought to be increased as a first step towards the improvement of the policy.

4. Africa's External Indebtedness

Africa's debt servicing problems continue to constitute a very heavy burden on the economies of the countries by draining away much needed foreign exchange. Debt rescheduling, which is presently adopted to solve the debt crisis of African countries, constitutes only a relief of a temporary nature, and in fact, aggravates the debt service problems in later years. Moreover, rescheduling is always tied to a prior agreement with the IMF on a set of economic programmes and policies to be implemented which sometimes create more economic and social hardship than they solve. We appeal to IMF to design more flexible programmes and policies for countries applying for a debt rescheduling. We also feel that the IMF ought to encourage creditors to improve their rescheduling terms for African countries by allowing longer grace and maturity periods as well as lower interest rates. Some creditors also ought to be urged to cancel some or all of the debt of African countries or to convert part or all of the debt into grants

or equity. Since the IMF itself has become a major creditor of many African countries, it ought to set up a new mechanism to help those African countries which, because of exogenous factors, are unable to repay their obligations to the Fund on schedule.

The IMF also ought to look into the possibility of establishing a new credit facility designed to alleviate the debt service burden of African countries caused by high real interest rates. It should also be urged to support and participate actively in the convening of an international conference on Africa's external indebtedness whose aim will be to devise short medium and long term solutions to the debt crisis of African countries.

5. Reform of the International Monetary System

There appear to be a general consensus that the present international monetary system concentrates the decision making power in money and finance amongst the few highly developed countries of the world and is unfair to developing countries. Therefore the system ought to be reformed to ensure the effective participation of developing countries in the decisions on money and finance which affect the economies of developing nations as much as they affect those of developed nations. An international conference on money and finance for development ought to be convened to discuss modalities of a new international monetary system, that would be fully responsive to the needs of developing countries.

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ECONOMIC COMMISSION FOR AFRICA

ISSUES FOR THE MEMORANDUM

TO THE

PRESIDENT OF THE WORLD BANK

LC/NAIROBI

INTRODUCTION

Africa's economic performance in 1987 has in general not been better than during the year 1986 and continues to be a matter of great concern. The international economic environment is still not conducive to economic growth especially in so far as African countries are concerned. Official Development Assistance (ODA) on which the majority of African countries depend for the financing of their development programmes, has been stagnant and in some cases has even decreased in real terms. Private credits have almost dried up, because of the debt crisis that has seriously eroded the creditworthiness of many African countries. Export credits have also decreased significantly because African countries capacity to import has been reduced significantly due to the economic crisis still being experienced. Private foreign investment are very limited or non-existant because of the risks that foreign capital owners perceive in investing in Africa.

The African Priority Programme for Economic Recovery 1986-1990 (APPER) and the United Nations Programme of Action for Africa's Economic Recovery and Development 1986-1990 (UNPAAERD) have both defined the priority areas to be addressed and have called for increased resource flows to African countries to enable them carry through the policy and programme reforms initiated to implement the above programmes. The response of the international community has so far been disappointing in the light of the resource needs of African countries. It is in this context that the role of the World Bank is of paramount importance and African countries therefore look upon the World Bank as the main factor in increasing resource flows to the continent especially during the priority programme period (1986-1990).

1 The Capital [illegible] of the Bank

The resources of the World Bank have become the major funding for development financing in Africa. The need for more resources to implement APPER and UNPAAERD constitutes a strong argument for a substantial increase in the authorized capital of the World Bank with a view to expanding its lending programme in real terms to African countries especially during the period of the programme 1986-1990. We note with concern that the major donors do not envisage any capital increase in the near future. We urge the World Bank to persuade the major industrialized countries to reconsider their position in this important matter.

2 Special Facility for Sub-Saharan Africa

This special facility for Sub-Saharan Africa has been useful and has helped increase the flow of resources on concessional terms to Sub-Saharan Africa. However, the countries regret the fact that the facility has already committed all its resources and is to be discontinued as of July 1987. This is indeed an unwelcome development at the time when African countries are in need of resources for UNPAAERD. We appeal for the replenishment of the facility at a much higher level and request the President of the World Bank to persuade the major industrial countries to contribute generously to the Facility.

3 I.D.A.

The recently agreed eighth replenishment of IDA which amounted to US 12.4 billion is a welcome development and a sign that industrial countries donor to IDA are conscious of the need to put more resources at the disposal of this institution to enable it to fill up its mandate. This eighth replinishment is a marked improvement over the seventh replenishment which amounted only to US$9 billion but in real terms it is still lower than the sixth replenishment. Since most African countries depend heavily on IDA, its resources are of special importance to the countries. This fact ought to be reflected in the distribution of IDA resources among eligible countries: at least 50 per cent of the resources available should be devoted to the financing of development in African countries in order to ensure that the recovery takes place.

We regret the decision to reduce the repayment period of IDA loans which diminish the concessionality of loans provided by IDA and is obviously not in the interest of the poorer countries of Africa which are already experiencing an intractable debt service payments problem. We note however, that the shortening of the repayment period for more developed countries eligible for IDA could increase the volume of resources available and could increase IDA's lending to the poorer countries of Africa which are undertaking adjustment programmes under very difficult conditions.

4. IFC

Although the IFC has increased its operations in Africa over recent years, increased efforts are still needed to ensure more IFC involvement as well as its role as a catalyst for foreign private investment. This is especially important during the present period when many African countries have recognised the importance of the role of the private sector in economic development and are undertaking policy reforms designed to encourage the development of the private sector. The Special African Project Development Facility, which was established last year and was jointly sponsored by IFC, the African Development Bank and the United Nations Development Programme, was a good step in the right direction but it is too early to evaluate the impact of such facility on project identification and financing in Africa. At this stage, we appeal to the World Bank to ensure that the work of the Facility is geared towards the special and specific needs of African countries.

5. Resource flows

Bearing in mind the sharp decline in ODA in real terms over recent years, the World Bank ought to undertake special efforts to mobilise more resources on concessional terms for African countries especially the least developed ones. In this context, it should persuade the developed countries to increase the Official Development Assistance to reach the target of 0.7 per cent of GNP as called for in the International Development strategy for the third United Nations Development Decade. The Developed countries should also be urged to honour their commitment to provide 0.15 per cent of their GNP to the Least Developed countries as called for by the Substantial New Programme of Action.

In addition we appeal to the World Bank to persuade the industrial countries to take measures designed to encourage their commercial banks to resume and increase their investment and lending to African countries especially during the UNPAAERD period.

6. Africa's External Indebtedness

The debt servicing obligations of African countries are increasingly becoming a matter of great concern. The average debt to exports ratio of Africa was 349 per cent at the end of 1985 and that of the 12 most indebted African countries stood at 527 per cent in the same year. 1/ It is also estimated that between 1986 and 1990 African will need an annual amount of US 16-24 billion for servicing its external debt. African countries have embarked over recent years on programmes and policies designed to improve their balance of their external payments positions. They have also embarked on some rational debt and resource management. For these programmes and policies to succeed a solution has to be found to alleviate the debt service burden of African countries. It is in this connection that the World Bank is urged to play a role in the promotion of growth as the most effective solution for increasing the capacity of the countries to service their debts.

The World Bank should consider providing debt relief measures of its own loans especially for the least developed (low income) countries in order to alleviate their debt service commitments. In addition, the World Bank should also urge creditor countries and commercial banks to improve the terms of rescheduling by extending repayment, grace and consolidation periods. The conversion of a substantial part of LDCs Debt into grants or equity ought also to be part of the World Bank's strategy aimed at solving Africa's external debt crisis.

7. The Bank's Operations in Africa

Africa's priority programmes for economic recovery and the U.N. programme of action for Africa's economic recovery and development 1986-1990 have defined the priority areas on which the countries will concentrate in order to emerge from the crisis. In this connection, agriculture and food production were singled out to be accorded the highest priority in investment programmes during the period 1986-1990. Other sectors of activity in agriculture such as industry, health, human resources and trade should also receive special attention. The World Bank ought to orient its investment activities towards these sectors in order to help African countries achieve the recovery of their economies.

In addition we appeal to the World Bank to devote a substantial part of its resources to the fight against drought and desertification which are the biggest obstacles to agricultural recovery and development. This is especially true in the Sahelian countries of Africa which have already suffered from drought and desertification over recent years. The other Sahel Island countries also deserve a special attention due to their geographical locations especially in programmes to deal with cyclones.

1/ The Economist 27 September 1986.